



STAFF REPORT
City of Dripping Springs
PO Box 384
511 Mercer Street
Dripping Springs, TX 78620

Submitted By: Aniz Alani, Deputy City Attorney

Council Meeting Date: November 4, 2025

Agenda Item Wording: **Approval of a resolution finding the rates proposed by Texas Gas Service Company ("TGS") seeking to increase natural gas revenues by \$41.1 million annually are unreasonable and accordingly denied; requiring TGS to continue to charge its existing rates to customers within the City; and requiring that the City's reasonable rate case expenses be reimbursed in full by TGS within 30 days of the adoption of this resolution.**

Agenda Item Sponsor: *Mayor Pro Tem Taline Manassian*

Summary/Background: On June 30, 2025, Texas Gas Service Company (TGS or Company) filed a Statement of Intent to Increase Rates application with each of the cities in their Central-Gulf, West North, and Rio Grande Valley service areas. In the filing, the Company asserted that it is entitled to a \$41.1 million increase or a 9.83% increase over current adjusted revenues, excluding gas costs.

In June, the Cities Served by Texas Gas Service Company (TGS Cities) engaged the services of consultants to review the Company's filing. The consultants identified numerous unreasonable expenses and proposed significant reductions to the Company's request. Accordingly, TGS Cities' attorney recommends that all TGS Cities members adopt the Resolution denying the rate change. Once the Resolution is adopted, TGS will have 30 days to appeal the decision to the Railroad Commission where the appeal will be consolidated with TGS' filing for the environs and those cities that have relinquished their jurisdiction (i.e. Gas Utility Docket 28202) currently pending at the Railroad Commission.

Under the law, cities with original jurisdiction over this matter have 125 days from the initial filing to take final action on the application. By the agreement of the parties, this deadline was suspended until November 17, 2025. As such, all cities with original jurisdiction will need to adopt the resolution no later than November 17.

Accordingly, the purpose of the Resolution is to deny the rate application proposed by TGS.

Commission Recommendations:	N/A
Recommended Council Actions:	Approve Resolution denying Texas Gas Service Company’s proposed rate change.
Attachments:	Draft resolution Letter dated June 30, 2025 from TGS attaching rate request (excluding Appendix)